

***WATER DISTRICT NO. 1  
OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA***

***Annual Financial Report***

***June 30, 2003 and 2002***



STAGNI & COMPANY, LLC

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
Annual Financial Report  
June 30, 2003 and 2002**

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***REQUIRED SUPPLEMENTAL  
INFORMATION (PART I)***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*For the Year Ended June 30, 2003*

Our discussion and analysis of Water District No. 1 of the Parish of Lafourche, State of Louisiana's (Water District No. 1) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Net assets of our business-type activities increased by 1.7 million or 4.3%.
- Revenues increased to 9.9 million or 1.6% from the prior year, while expenses increased to 8.2 million or 4.2%.
- Total spending for all waterworks activities was \$8.2 million for the year, which was \$165,000 less than the revenue generated for these activities of \$8.39 million.
- Capital contributions increased to 3.31 million or 7.8% over last year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of four parts: Management's Discussion and Analysis, the Financial Section, Required Supplementary Information, and Other Supplemental Schedules. The Financial Section also includes notes that explain in more detail some of the information in the financial statements.

The *Basic Financial Statements* - Comparative Statement of Net Assets, the Comparative Statement of Revenues, Expenses and Net Assets and the Comparative Statement of Cash Flows provide both long-term and short-term information about the overall financial status. The Comparative Statement of Net Assets includes all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial statement reports net assets and how they have changed. Net assets – the difference between assets and liabilities – is one way to measure financial health, or position. Over time, increases or decreases in net assets are an indicator of whether its financial health is improving or deteriorating, respectively. The Comparative Statement of Net Assets also provides the basis for computing rate of return, evaluating the capital structure and assessing liquidity and financial flexibility.

All of the current year's revenue and expenses are accounted for in the Comparative Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of operations over the past year and can be used to determine whether operations have successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness. The final required financial statement is the

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS***

*For the Year Ended June 30, 2003*

Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting for operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

The Lafourche Parish Water District utilizes a proprietary fund type – and enterprise fund for reporting. When the Water District charges customers for the services it provides—whether to residential or commercial customers—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Water District's enterprise fund is the same as a business-type entity.

***FINANCIAL ANALYSIS AS A WHOLE***

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the business-type activities.

**NET ASSETS**

To begin our analysis, a summary of the Comparative Statement of Net Assets is presented in Table A-1.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,**  
**STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2003*

Table A-1  
Condensed Statement of Net Assets  
(In millions of dollars)

	FY 2003	FY 2002	Dollar Change	Total Percent Change
Current and Restricted Assets	\$ 24.2	\$ 20.3	\$ 4.0	16.3%
Capital Assets	40.9	38.5	2.4	5.9%
<b>Total Assets</b>	<b>65.2</b>	<b>58.8</b>	<b>6.4</b>	<b>9.8%</b>
Long-term Debt Outstanding	23.2	18.2	5.1	21.8%
Other Liabilities	2.8	3.2	(0.4)	-12.4%
<b>Total Liabilities</b>	<b>26.1</b>	<b>21.4</b>	<b>4.7</b>	<b>18.1%</b>
Invested in Capital Assets, Net of Related Debt	27.0	28.1	(1.1)	-4.0%
Restricted	3.9	2.6	1.3	33.7%
Unrestricted	8.1	6.7	1.4	17.3%
<b>Total Net Assets</b>	<b>\$ 39.1</b>	<b>\$ 37.4</b>	<b>\$ 1.7</b>	<b>4.3%</b>

As can be seen from the table above, net assets increased \$1.7 million to \$39.1 million from \$37.4 million in the prior year. Looking up the table you will see that Restricted Net Assets (those established by debt covenants, enabling legislation, or other legal requirements) increased by \$1.3 million. Unrestricted Net Assets increased \$1.4 million, absorbing most of the positive change in net assets. The increase in Restricted Net Assets is primarily due to the required increase in the debt service reserve fund and an amount restricted for construction due to the issuance of \$6,000,000 in bonds in May 2003. The increase in unrestricted net assets is offset by the \$1.1 million decrease in Net Assets invested in Capital Assets, Net of Related Debt, that only showed a slight increase of \$.3 million for the year.

#### **CHANGES IN NET ASSETS**

A summary of the Comparative Statement of Revenues, Expenses and Changes in Net Assets is presented in Table A-2.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2003**

Table A-2  
Condensed Statements of Revenues, Expenses and Changes in Net Assets  
(In millions of dollars)

	FY 2003	FY 2002	Dollar Change	Total Percent Change
Operating Revenues	\$ 8.1	\$ 8.1	\$ (0.0)	0.0%
Non-operating Revenues	1.7	1.5	0.2	9.7%
<b>Total Revenues</b>	<b>9.9</b>	<b>9.7</b>	<b>0.2</b>	<b>1.6%</b>
Depreciation Expense	2.2	2.2	(0.0)	-0.7%
Other Operating Expenses	5.3	4.9	0.5	8.9%
Non-operating Expenses	0.7	0.8	(0.1)	-16.8%
<b>Total Expenses</b>	<b>8.2</b>	<b>7.9</b>	<b>0.3</b>	<b>4.2%</b>
<b>Income before Capital Contributions</b>	<b>1.6</b>	<b>1.8</b>	<b>(0.2)</b>	<b>-11.1%</b>
Capital Contributions	0.2	0.1	0.1	54.5%
<b>Change in Net Assets</b>	<b>1.9</b>	<b>1.9</b>	<b>0.0</b>	<b>2.6%</b>
<b>Beginning Net Assets</b>	<b>37.2</b>	<b>35.5</b>	<b>1.7</b>	<b>4.6%</b>
<b>Ending Net Assets</b>	<b>39.1</b>	<b>37.4</b>	<b>1.7</b>	<b>4.3%</b>

While the Comparative Statement of Net Assets shows the change in financial position of net assets, the Comparative Statement of Revenues, Expenses, and Net Assets shows the changes in net assets. As can be seen the Table A-2 above, income before contributions was the primary source of the \$1.7 million increase in net assets.

A closer examination of the changes in net assets reveals that revenues increased by \$.2 million to \$9.9 million from \$9.7 million, due primarily to an increase in the amount collected for ad valorem taxes. However, not all of the news was favorable as costs of operations were also on the rise, increasing by \$.3 million to \$8.2 million from \$7.9 million. This increase was primarily from the increase in operating expenses in the water treatment, distribution maintenance and general operating areas.

### **BUDGETARY HIGHLIGHTS**

As required by its bond covenants, Water District No. 1 adopts an Operating and Capital Works Budget no later than June 30<sup>th</sup> of each year. The budget remains in effect the entire year unless it is revised.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2003**

A budget comparison and analysis is presented to the Board in monthly interim financial statements. The adopted budget was not revised in 2003. A comparison of budget and actual is presented in Table A-3.

Table A-3  
Condensed Comparison of Budget and Actual  
(In millions of dollars)

	Budget	FY 2003	Dollar Variance	Total Percent Variance
Operating Revenues	\$ 8.1	\$ 8.1	\$ (0.0)	-0.1%
Non-operating Revenues	1.2	1.7	0.5	38.4%
<b>Total Revenues</b>	<b>9.4</b>	<b>9.9</b>	<b>0.5</b>	<b>5.0%</b>
Other Operating Expenses	5.4	5.3	(0.0)	-0.5%
Depreciation	2.0	2.2	0.2	10.4%
Non-operating Expenses	1.0	0.7	(0.3)	-29.5%
<b>Total Expenses</b>	<b>8.3</b>	<b>8.2</b>	<b>(0.1)</b>	<b>-1.2%</b>
<b>Income before Capital Contributions</b>	<b>1.1</b>	<b>1.6</b>	<b>0.6</b>	<b>53.9%</b>
Capital Contributions	0.2	0.2	-	0.0%
<b>Change in Net Assets</b>	<b>1.3</b>	<b>1.9</b>	<b>0.6</b>	<b>43.9%</b>
<b>Beginning Net Assets</b>	<b>33.2</b>	<b>37.2</b>	<b>4.0</b>	<b>12.1%</b>
<b>Ending Net Assets</b>	<b>\$ 34.5</b>	<b>\$ 39.1</b>	<b>\$ 4.6</b>	<b>13.3%</b>

Budget variance explanations:

- Non-operating revenues varied due to increased ad valorem taxes collected from an increase in property values assessed. The Water District also earned more investment income than anticipated.
- Other operating expenses varied because of unanticipated bond issue costs relating to the 2003 bond issue.
- Non-operating expenses varied primarily due to an end of the year adjustment for the capitalization of interest expense.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

At the end of 2003, the Water District had \$40.9 million invested in a broad range of capital assets as summarized in Table 4 below. This amount represents a net increase (including additions and deductions) of \$2.4 million, or 6.3 percent, over last year.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2003**

Table A-4  
Summary of Capital Assets

	2001	2002	2003
Land and Right of Ways	\$ 847,637	\$ 891,616	\$ 954,483
Construction in Progress	1,979,306	5,803,536	2,413,708
Water Plant & Building	13,883,463	15,393,864	17,790,948
Transmission & Distribution	45,056,771	46,444,392	51,749,718
Distribution Equipment	522,744	548,191	565,435
Administration Buildings	534,267	534,267	534,267
Furniture & Equipment	295,592	281,271	300,834
Transportation Equipment	672,466	459,410	460,733
<b>Total Cost of Assets</b>	<b>63,792,246</b>	<b>70,356,547</b>	<b>74,770,126</b>
Accumulated Depreciation	(25,072,695)	(31,826,023)	(33,827,657)
<b>Total Capital Assets, Net</b>	<b>\$38,719,551</b>	<b>\$38,530,524</b>	<b>\$ 40,942,469</b>
 <b>Depreciation Expense</b>	 <b>\$ 1,732,709</b>	 <b>\$ 2,223,147</b>	 <b>\$ 2,208,362</b>

During this year there was \$4.78 million of additions and \$.37 million of disposals, reflecting a net increase of \$4.41 in capital assets at cost, before an adjustment. Water District No. 1 also changed depreciable assets useful lives this year resulting in a prior period adjustment to beginning accumulated depreciation in the amount of \$2 million.

This year's major capital additions included:

- Waterline Replacement E53rd, et al \$ 216,048
- 16" Main – Leeville#2 to LA 3090 \$1,906,267
- 16" Main – Hwy 1 to Fourchon Tank \$ 683,432
- 16" Main – E Thibodaux to Highway 20 \$ 809,932
- N. Lafourche 500M Gallon Tank \$ 780,389
- Waterline Replacement w36th, et al \$ 340,090
- 8" Line Bayou Crossing – N. Lafourche Tank \$ 160,213
- Contract 5 – South Plant – High Service Pump \$2,140,585
- Capitalized Interest on Construction Project \$ 321,608

Additional detailed information about capital assets is presented in Note 6 to the financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2003**

**LONG-TERM DEBT**

At year-end, the Water District had \$24.4 million in bonds outstanding versus \$19.2 million last year—an increase of 27 percent—as shown in Table 5.

Table A-5  
Outstanding Debt

	2001	2002	2003
Water Revenue Bonds:			
\$2,000,000 dated 10/23/1980	\$ 537,300		
\$10,000,000 dated 10/1/1996	9,670,000	\$ 9,200,000	\$ 8,705,000
\$10,000,000 dated 1/1/2002		10,000,000	9,715,000
\$6,000,000 dated 5/1/2003			6,000,000
Total outstanding	<u>\$10,207,300</u>	<u>\$19,200,000</u>	<u>\$24,420,000</u>

During the year, Water District No. 1 issued \$6,000,000 in water revenue bonds for the purpose of paying a portion of the cost of constructing and acquiring additions, extensions and improvements to the waterworks system. The Water District does not plan on issuing any more new debt to finance major capital improvements, but will be reviewing bond market conditions for financing future year capital expenditures. More detailed information about long-term debt is presented in Note 7 to the financial statements.

**Bond Ratings**

Outstanding bonds carry the following ratings:

- 1996 bonds are AAA rating (insured) from Moody's
- 2002 bonds are A3 rated (not insured) from Moody's
- 2003 bonds are Aaa rated (insured) from Moody's

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the fiscal year 2004, it is estimated that the District will serve an average of 28,631 customers; an increase of 471 over the average customers served for the twelve-month period ended March 31, 2003. It is estimated that the District will generate water sales in the amount of 3,263,854 M gallons, an increase of 44,690 M gallons. Resulting water service revenues are estimated to amount to \$7,927,20, which would be \$224,654 more than the March 31<sup>st</sup> twelve-month period of \$7,702,546. It is estimated that \$252,000 will be collected for connection charges and penalties for late payment of bills, or about 82 percent of the level of the comparison year, which will result in total revenues of \$8,179,200, up by \$170,10 or 2.1 percent.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2003**

Table A-6  
June 30, 2004 Summary of Projected Budget

Water Service Revenue	\$7,927,200
Other Operating Revenue	252,000
Total Operating Revenue	8,179,200
Operating Expenses	(5,543,246)
Net Operating Revenue	2,635,954
Other Income	1,249,199
Net Operating Income	<u>\$3,885,153</u>

Historically, a substantial portion of the District's income has been derived from a maintenance and operating tax levied. By election on November 18, 1995 voters approved continuation of a maximum tax of 3.99 mills per annum to expire in 2005. For the fiscal year 2003, the Board of Commissioners approved a 3.61 mill levy (down from 3.81 mills levied for fiscal 2002) on which the fiscal year 2004 budget revenue has been estimated.

The District's capital expenditures budget for fiscal year 2004 provides for total expenses of \$12,766,280, including \$10,553,750 of new construction projects. Some of the most significant projects are as follows:

- 18" Water Main Leeville Bridge to Leeville No. 2 B.S. \$ 738,000
- 18" Water main Leeville No. 1 B.S. to Leeville Bridge \$1,070,000
- 12" Water Main Thibodaux to Chackbay \$ 708,450
- Emergency Power at North and South Plants \$1,095,000
- North Bayou Blue Supply Main \$1,100,000
- 18" Water Main Leeville No. 1 to Golden Meadow \$1,200,000
- 18" Water Main Golden Meadow Floodgate \$ 875,000
- 18" Water Main Golden Meadow BS to Galliano BS \$1,040,000

In summary, the proposed budget indicates that the District will not only meet cash requirements but will also have fund balances as required by the three outstanding bond resolutions.

#### **CONTACTING MANAGEMENT**

This Annual Financial Report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of our finances and to demonstrate accountability for the money we receive. If you have questions about this report or need additional financial information, contact:

Mona Zeringue, Office Manager,  
P.O. Box 399, Lockport, LA 70374,  
1-800-344-1580

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## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

## *INDEPENDENT AUDITOR'S REPORT*

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche  
State of Louisiana

We have audited the accompanying basic financial statements of Water District No. 1 of the Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2002 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of Water District No. 1's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Water District No. 1 as of June 30, 2002 and 2003, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Other Required Supplemental information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche  
State of Louisiana  
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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Other Supplemental Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Water District No. 1. Such information, except for the schedule of Metered Water Customers and the Schedule of Insurance in Force marked "unaudited" on which we express no opinion has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 6, 2003 on our consideration of Water District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Stagni & Company*

Thibodaux, Louisiana  
August 6, 2003



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Net Assets  
Water Enterprise Fund  
June 30, 2003 and 2002

**ASSETS**

**CURRENT ASSETS**

	2003	2002
Cash and cash equivalents	\$ 5,489,813	\$ 1,554,449
Investments	2,009,170	5,471,723
Receivables:		
Water sales	568,118	599,060
Unbilled water sales	580,611	523,819
Sewerage	23,872	2,320
Other	254,836	26,852
Inventory	430,731	364,988
Prepaid insurance	167,158	122,534
Total current assets	<u>9,524,309</u>	<u>8,665,745</u>

**RESTRICTED ASSETS (cash and investments):**

Water revenue bond current debt service	1,683,685	1,743,062
Water revenue bond future debt service reserve account	1,659,305	1,021,783
Reserve for 2002 Construction	5,854,158	7,843,448
Reserve for 2003 Construction	4,486,801	-
Renewal and Replacement Funds	200,000	200,000
Customer meter deposits	818,736	792,474
Total restricted assets	<u>14,702,685</u>	<u>11,600,767</u>

**CAPITAL ASSETS**

at cost (net of accumulated depreciation of \$33,827,657 for 2003 and \$31,826,023 for 2002)	<u>40,942,469</u>	<u>38,530,524</u>
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**TOTAL ASSETS**

<u>\$ 65,169,463</u>	<u>\$ 58,797,036</u>
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**LIABILITIES AND FUND EQUITY**

**CURRENT LIABILITIES (payable from current assets):**

Accounts payable and accrued expenses	\$ 65,307	\$ 296,124
Contracts and retainages payable	449,611	794,631
Due to other entities for water sale collections	65,923	66,745

**CURRENT LIABILITIES (payable from restricted assets):**

Bonds due within one year	955,000	780,000
Interest accrued	482,318	459,225
Customer meter deposits	818,650	792,340
Total current liabilities	<u>2,836,809</u>	<u>3,189,065</u>

**LONG-TERM DEBT**

Bonds due after one year (net of unamortized discount of \$228,726 for 2003 and \$244,802 for 2002)	<u>23,236,274</u>	<u>18,175,198</u>
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Total liabilities

<u>26,073,083</u>	<u>21,364,263</u>
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**NET ASSETS**

Invested in capital assets, net of related debt	27,040,051	28,110,636
Restricted for:		
Customer Deposits	818,736	792,340
Capital Projects	1,207,103	288,138
Debt Service	1,905,672	1,525,620
Unrestricted	8,124,818	6,716,039
Total net assets	<u>39,096,380</u>	<u>37,432,773</u>

**TOTAL LIABILITIES AND NET ASSETS**

<u>\$ 65,169,463</u>	<u>\$ 58,797,036</u>
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See Notes to Financial Statements.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes in Net Assets  
Water Enterprise Fund  
For the years ended June 30, 2003 and 2002

	2003	2002
<b>OPERATING REVENUES:</b>		
Metered sales to regular customers	\$ 7,819,043	\$ 7,784,898
Metered sales to industrial and municipal customers	10,296	12,511
Connection charges and other revenues	314,294	349,405
	<u>8,143,633</u>	<u>8,146,814</u>
<b>OPERATING EXPENSES:</b>		
Water purchased for resale	27,097	29,314
Water treatment expenses	2,150,269	2,086,034
Transmission and distribution expenses	1,493,144	1,294,009
Customer accounts expenses	639,088	616,278
Administrative and general expenses	1,021,461	832,793
Depreciation of utility system	2,208,362	2,223,147
	<u>7,539,421</u>	<u>7,081,575</u>
Income from operations	<u>604,212</u>	<u>1,065,239</u>
<b>NON-OPERATING REVENUE:</b>		
Investment income	415,011	452,501
Ad Valorem taxes	1,213,974	1,037,581
Shared revenue	49,695	49,725
Other income	2,772	3,184
Donation of Materials (Inventory)	21,426	-
	<u>1,702,878</u>	<u>1,542,991</u>
<b>NON-OPERATING EXPENSES:</b>		
Interest on bonds	619,964	736,269
Amortization of debt discount and expense	16,076	31,207
(Gain) loss on sale of fixed assts	(5,631)	1,129
(Gain) loss on investments	44,145	26,072
	<u>674,554</u>	<u>794,677</u>
Income or loss before contributions	1,632,536	1,813,553
Capital contributions	241,434	109,888
Change in net assets	1,873,970	1,923,441
<b>Net Assets:</b>		
Beginning of year	37,432,773	40,420,321
Prior period adjustment	(210,362)	(4,910,989)
Beginning of year, as restated	<u>37,222,410</u>	<u>35,509,332</u>
End of year	<u>\$ 39,096,380</u>	<u>\$ 37,432,773</u>

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Cash Flows  
Water Enterprise Fund  
For the years ended June 30, 2003 and 2002

	2003	2002
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 7,894,557	\$ 8,255,365
Cash payments to suppliers for goods and services	(3,949,678)	(2,076,849)
Cash payments made to employees for services	(2,068,407)	(1,979,082)
Net cash provided (used) by operating activities	<u>1,876,472</u>	<u>4,199,434</u>
<b>Cash flows from noncapital financing activities:</b>		
Ad valorem taxes received	1,213,974	1,037,581
Revenue sharing grant	49,695	49,725
Other noncapital financing revenue	24,198	3,183
Net cash provided (used) by noncapital financing activities	<u>1,287,867</u>	<u>1,090,489</u>
<b>Cash flows from capital and related financing activities:</b>		
(Acquisition) sale of capital assets	(4,589,235)	(6,835,221)
(Gain) / Loss on sale/abandoned assets	5,631	(1,129)
Bond Proceeds	6,000,000	10,000,000
Principal paid on revenue bond maturities	(763,924)	(976,093)
Interest paid on revenue bonds	(612,947)	(584,788)
Net cash provided (used) for capital and related financing activities	<u>39,525</u>	<u>1,602,769</u>
<b>Cash flows from Investing activities:</b>		
Sales in excess of purchases and maturities/reclassification of investments	2,370,426	(8,854,337)
Gain (loss) on sale of investments	(44,145)	(26,072)
Interest and dividends on investments	415,011	452,501
Net cash provided (used) by investing activities	<u>2,741,292</u>	<u>(8,427,908)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,945,156</b>	<b>(1,535,216)</b>
Cash and cash equivalents at the beginning of year	<u>3,595,818</u>	<u>5,131,034</u>
Cash and cash equivalents at the end of year	<u><u>\$ 9,540,974</u></u>	<u><u>\$ 3,595,818</u></u>
<b>Cash and cash equivalents are composed of:</b>		
Unrestricted Cash and Cash Equivalents	\$ 5,489,813	\$ 1,554,449
Cash and cash equivalents from restricted cash:		
Current Debt Service Accounts	1,683,685	1,743,062
Reserve for Construction accounts	2,048,740	205,833
Renewal and Replacement Accounts	200,000	-
Customer meter deposits	118,736	92,474
	<u><u>\$ 9,540,974</u></u>	<u><u>\$ 3,595,818</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 604,212	\$ 1,065,239
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,208,362	2,223,147
Changes in assets and liabilities:		
(Increase) decrease in receivables	(275,386)	88,316
(Increase) decrease in inventory	(65,743)	(42,306)
(Increase) decrease in prepaid insurance	(44,624)	(20,189)
Increase (decrease) in accounts payable	(231,639)	202,591
Increase (decrease) in contracts and retainage payable	(345,020)	662,401
Increase (decrease) in customer deposits	26,310	20,235
Total adjustments	<u>1,272,260</u>	<u>3,134,195</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,876,472</u></u>	<u><u>\$ 4,199,434</u></u>
<b>Noncash investing and financing activities:</b>		
Acquisitions of fixed assets through capital contributions	\$ 241,434	\$ 109,888
Unrealized gain from the early extinguishment of debt		\$ 64,511

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (Water District No. 1) was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 343 of the Louisiana Legislature. The Board of Commissioners consists of 11 members who serve for an indefinite term, at the pleasure of the Lafourche Parish Council.

Water District No. 1's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux. The services provided by Water District No.1 include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The accounting and reporting policies of Water District No. 1 conform to generally accepted accounting principles applicable to state and local governments. The following significant accounting policies were applied in the preparation of the accompanying financial statements.

**Note 1      *Summary of Significant Accounting Policies***

Reporting Entity

The financial statements include all accounts of the Water District No. 1's operations. The criteria for including organizations as component units within the Water District No. 1's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (and can be sued in its own name)
- The Council holds the Corporate powers of the organization
- The Council appoints the voting majority of the Board of Commissioners
- The Council is able to impose its will on the organization
- The entity is able to impose a financial benefit/burden on the Council
- There is a fiscal dependency by the organization on the Council

Based on the above criteria Water District No. 1 is considered a component unit of the Lafourche Parish Council.

Method of Accounting

On July 1, 2001 the Water District No. 1 adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board – "*Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local governmental entities that includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 1      *Summary of Significant Accounting Policies (Continued)***

Method of Accounting, (Continued)

For Water District No. 1, the adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets.

The financial statements of the Water District No. 1 are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the Water District No. 1 has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Water District No. 1 come from metered sales to residential, industrial and municipal customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

Water District No. 1's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Water District No. 1's policy is that all surplus funds will be invested, where practical. Management's intent is to hold all investments to maturity. State law allows investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

***Note 1        Summary of Significant Accounting Policies (Continued)***

Receivables and Payables

In the opinion of management all trade receivables are fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

Inventories and Prepaid Items

Materials and supplies inventory is valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments are not treated as expenses until a liability for payment is incurred, but are merely used to facilitate effective budget control and cash planning and management. The Water District does not employ encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders.

Capital Assets

Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date donation.

Water District No. 1 maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Infrastructure fixed assets (water lines and systems) that are immovable and of value are reported in accordance with the Water District No. 1's policies. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is accrued when considered material and is included as part of the capitalized value of assets constructed.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 1      Summary of Significant Accounting Policies (Continued)**

Capital Assets (continued)

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Type of Asset	Service Life
Water Plant and Buildings	7 - 44 years
Transmission and Distribution System	3 - 44 years
Distribution and Maintenance	5 - 10 years
Administration and Office Buildings	25 - 30 years
Furniture and Equipment	3 - 8 years
Transportation Equipment	3 years

Compensated Absences

Water District No. 1 provides that employees may be away from work for vacation or for illness. Other types of leave-of-absence are provided for employees in order to fulfill personal obligations and other responsibilities.

Permanent employees earn paid vacations at their regular rate of pay, excluding overtime, after a period of one year of employment of one to five weeks based upon length of employment. Generally, vacation leave does not vest. Vacations must be taken by December 31<sup>st</sup> of each year.

The current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Accrued sick leave of \$25,461 is included in accounts payable and accrued expenses on the Comparative Statement of Net Assets.

Bond Discounts, Bond Issuance and Prepaid Loan Costs

Bond discounts and bond issuance costs are being amortized on the interest method over term of the related obligation. Prepaid loan costs are being amortized on the straight-line method, which approximates the interest method, over the term of the related obligation. Bond discounts are presented as a reduction to revenue bonds on the accompanying financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 1      *Summary of Significant Accounting Policies (Continued)***

Restricted Net Assets

On July 1, 2001 the Water District adopted the provisions of GASBS Statement No. 34. Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, statement of activities and changes in net assets and a statement of cash flows. It requires classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital asset, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as proceeds.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – The component of net asset consist of net assets that do not meet definition of “restricted” or “invested in capital assets, net of related debt.”

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are either unusual in nature or infrequent in occurrence.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 1      *Summary of Significant Accounting Policies (Continued)***

Risk Management

Water District No. 1 has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, end to pollution, terrorism risk, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees blanket bond, workmen's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 2      *Stewardship, Compliance and Accountability***

Budget Information

The annual budget is a management tool that assists users in analyzing financial activity for the ensuing fiscal year. State law does not require a budget be adopted or reported for Enterprise Funds and accordingly; no budget and actual comparisons are presented in this report.

Compliance with bond resolutions and covenants, authorizing and securing the currently outstanding revenue bonds does require the adoption of a budget. Prior to the close of each fiscal year the Board adopts a proposed budget. The budget for this fiscal year was adopted on June 19, 2003 at the regular Board meeting.

**Note 3      *Deposits with Financial Institutions and Investments***

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2003 and 2002, the carrying amounts of deposits were \$6,990,866 and \$6,106,178 and the bank balances were \$7,242,104 and \$6,299,396.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$9,053,757 and \$8,248,083 for 2003 and 2002, respectively, secure these deposits from risk. The pledged securities were held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 3      Deposits with Financial Institutions and Investments (Continued)**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into three risk categories of credit risk:

1. Insured or registered, or securities held by the entity or its agent in the entity's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the entity's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the entity's name

Investments at June 30, 2003 consisted of:

	Category			Carrying Amount	Market Value
	1	2	3		
<b>FROM RESTRICTED</b>					
U.S. Treasury	\$3,250,109	-	-	\$3,250,109	\$3,252,956
Mortgage-Backed	9,951,523	-	-	9,951,523	9,856,283
<b>TOTAL</b>	<b>\$13,201,632</b>			<b>13,201,632</b>	<b>\$13,109,239</b>
Investments not subject to capitalization:					
LAMP				2,009,170	2,009,170
<b>TOTAL INVESTMENTS</b>				<b>\$15,210,802</b>	<b>\$15,118,409</b>

Investments at June 30, 2002 consisted of:

	Category			Carrying Amount	Market Value
	1	2	3		
<b>FROM RESTRICTED</b>					
U.S. Treasury	\$1,489,640	-	-	\$1,489,640	\$1,489,640
Mortgage-Backed	8,659,397	-	-	8,659,397	8,555,777
<b>TOTAL</b>	<b>\$10,149,037</b>			<b>10,149,037</b>	<b>\$10,045,417</b>
Investments not subject to capitalization:					
LAMP				2,371,723	2,371,723
<b>TOTAL INVESTMENTS</b>				<b>\$12,520,760</b>	<b>\$12,417,140</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 3      Deposits with Financial Institutions and Investments (Continued)**

Water District No. 1 invests in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool, administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed. This investment pool has not been assigned a risk category since it is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool.

Water District No. 1 also invests in structured financial instruments, which are held by an agent in Water District No. 1's name. Structured financial instruments generally include contracts, whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. At June 30, 2003 and 2002, Water District No. 1 held mortgage-backed securities in the form of FNMA, FHLMC and FHLB mortgage-backed pass through obligations. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although Water District No. 1 will receive the full amount of principal, if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment is lost. Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Management's intent is to hold these investments to maturity.

**Note 4      Ad Valorem Taxes**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Water District Operations	3.99	3.81	2005

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the Years Ended June 30, 2002 and 2003

**Note 4      *Ad Valorem Taxes (continued)***

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the parish as of January 1, 2000. The assessed value for the property on January 1, on which the 2003 and 2002 levy was based, was \$333,494,640 and \$284,539,140 respectively.

The authorization to levy ad valorem taxes was granted through Parish elections for the purpose of operating and maintaining the water system for the constituents of Water District No. 1. The millage levied for the District for the year June 30, 2003 and 2002 was 3.81 and 3.81 mills, respectively. Tax collected as of June 30, 2003 and 2002 on the 2002 and 2001 tax levy was 96% and 96% respectively.

**Note 5      *Deferred Compensation Plan***

Employees of the Water District are eligible to contribute to the Louisiana Deferred Compensation Plan under Internal Revenue Code 457 on a voluntary basis. The plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants can contribute up to a maximum of 25% of adjusted gross income, not to exceed \$7,500 per calendar year. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship.

Water District No. 1 has the responsibility for withholding and remitting contributions from participants to the plan. Great-West Life is the plan administrator and provides communication, record keeping of the accounts, and investment of the plan assets. All amounts of compensation deferred all property rights and rights purchased and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants or their beneficiaries. The assets of the plan are not considered Water District No. 1's assets, nor subject to claims or creditors of the District.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2002 and 2003

**Note 6      Capital Assets**

Capital assets and depreciation as of and for the years ended June 30, 2003 and June 30, 2002, respectively, is as follows:

Description	Balance June 30, 2001	Net Additions (Dispositions) Reclassifications	Balance June 30, 2002	Net Additions (Dispositions) Reclassifications	Balance June 30, 2003
Land and Right of Way	\$ 847,637	\$ 43,979	\$ 891,616	\$ 62,867	\$ 954,483
Construction in Progress	1,979,306	3,824,230	5,803,536	(3,389,828)	2,413,708
Water Plant and Building	13,883,463	1,510,401	15,393,864	2,397,084	17,790,948
Transmissions and Distribution System	45,056,771	1,387,621	46,444,392	5,305,326	51,749,718
Distribution and Maintenance Equipment	522,744	25,447	548,191	17,244	565,435
Administration and Office Buildings	534,267	-	534,267	-	534,267
Furniture and Equipment	295,592	(14,321)	281,271	19,563	300,834
Transportation Equipment	672,466	(213,056)	459,410	1,323	460,733
<b>Total capital assets at cost</b>	<b>63,792,246</b>	<b>6,564,301</b>	<b>70,356,547</b>	<b>4,413,579</b>	<b>74,770,126</b>
Accumulated Depreciation	(25,072,695)	(6,753,328)	(31,826,023)	(2,001,634)	(33,827,657)
<b>Total capital assets, net</b>	<b>\$ 38,719,551</b>	<b>(\$189,027)</b>	<b>\$ 38,530,524</b>	<b>\$ 2,411,945</b>	<b>\$ 40,942,469</b>

Depreciation expense for the years ended June 30, 2003 and 2002, respectively was \$2,208,362 and \$2,223,147.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 7      Long-Term Debt**

A summary of bond transactions of the District for the year ended June 30, 2003 and 2002 follows:

<b>Water Revenue Bonds</b>	
Bonds payable July 1, 2001	\$10,207,300
Bond proceeds	10,000,000
Bonds retired (Principal)	(1,007,300)
Bonds payable June 30, 2002	19,200,000
Bond proceeds	6,000,000
Bonds retired (Principal)	(780,000)
Bonds payable June 30, 2003	\$24,420,000

<b>Water Revenue Bonds</b>	<b>2003</b>	<b>2002</b>
Consisted of the following:		
\$10,000,000 Water Revenue Bonds dated October 1, 1996 with A maturity date on January 1, 2017 And with interest at 4.2%-5.7%	\$8,705,000	\$9,200,000
\$10,000,000 Water Revenue Bonds dated January 1, 2002 with a Final maturity on July 1, 2021, And with interest at 4.2%	9,715,000	10,000,000
\$6,000,000 Water Revenue Bonds dated May 1, 2003 with a Final maturity on January 1, 2023 And with interest at 3.6%-4.6%	6,000,000	
<b>TOTAL</b>	<b>\$24,420,000</b>	<b>\$19,200,000</b>



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 7      Long-Term Debt (Continued)**

The annual requirements to amortize all bonds outstanding, including interest payments as of June 30, 2003 and 2002, are as follows:

Year Ended June 30, 2003	Amount
2004	\$1,960,686
2005	2,174,540
2006	2,013,360
2007	2,027,395
2008	2,038,125
2009-2013	10,354,163
2014-2018	9,760,515
2019-2023	5,617,470
<b>TOTAL</b>	<b>\$35,946,254</b>

Year Ended June 30, 2002	Amount
2003	\$1,698,510
2004	1,717,532
2005	1,743,752
2006	1,581,313
2007	1,594,548
2008-2012	8,105,037
2013-2017	8,350,798
2018-2021	4,041,620
<b>TOTAL</b>	<b>\$28,833,110</b>

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 8            *Flow of Funds; Restrictions on Use***

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be derived from the operation of the system are irrevocably and irreparably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

- All revenue is periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses for administration, operation and maintenance.
- On or before the 20th day of each month, there set aside in a restricted bank account designated as Bond Fund, an amount equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets - Water Revenue Bond Current Debt Service Account.
- For bonds issued October 1, 1996, January 1, 2002 and May 3, 2003, the establishment and maintenance of the "Reserve Fund", by transferring from bond proceeds, the sum that will equal at least equal the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the bonds.
- On or before the 20th day of each month, to be deposited into a restricted bank account designated as the Renewal and Replacement Fund, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$200,000 at the end of the fiscal year, such excess is to be transferred to the Renewal and Improvements Fund. Money in this fund may be used only for extensions, additions, improvements, renewals, and replacement necessary to properly operate. Money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$15,000. The \$100,000 balance in this fund was accumulated in a prior year and the second \$100,000 was accumulated in 2002.
- All of the revenues received in any fiscal year, and not required to be paid in such fiscal year into any of the above noted funds, in excess of 25% of the current fiscal year's budgeted amount of operating expenses, is to be considered surplus and transferred to the Renewal and Improvements Fund. Such funds are to be used for extensions, additions, improvements, renewals, and replacements to the water system.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 9      Retirement Commitments**

Plan Description and Provisions

All employees are members of the Parochial Employee's Retirement System of Louisiana (PERS) a cost sharing multiple-employer defined benefit pension plan.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of the System. All members of the Parochial Employees' Retirement System are participants in either Plan A or Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

Water District No. 1 has chosen to participate in Plan A. The types of benefits provided under this plan include:

Retirement Benefits

Any members can retire providing he/she meets one of the following criteria:

- At any age with 30 or more years of creditable service.
- Age 55 with 25 years of creditable service.
- Age 60 with a minimum of 10 years of creditable service.

Survivor Benefits

Upon the death of any member of the plan with 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Deferred Retirement Option Plan Benefits

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan for up to three years and defer the receipt of benefits.

Disability Benefits

A member shall be eligible to retire and to receive a disability benefit if he/she has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

The Parochial Employees' Retirement System of Louisiana was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. A Board of Trustees, an Administrative Director, an Actuary and Legal Council operate the System.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 9      Retirement Commitments (Continued)**

The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2015, specifically, and other general laws of the United States.

The Parochial Employees' Retirement System issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619. (phone 985.928.1361)

Funding Policy

State Statute establishes member contributions. Employer contributions are actuarially determined every year determined by statutory process.

For the current year the required contribution rate for active plan members is 9.50% of payroll. The actuarially required net direct employer contributions as a percentage of payrolls were determined to be 7.75% for 2002 and 2003. Member and employer contributions for the year ending June 30, 2003 were \$191,340 and \$159,225, June 30, 2002 were \$182,250 and \$152,437, and for June 30, 2001 were \$175,109 and \$142,852, respectively.

In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax collected by the tax roll of each respective parish excepting Orleans parish and East Baton Rouge Parish and remits the money to the System on an annual basis.

**Note 10      Post Employment Benefits**

Retiree's health insurance coverage was approved by the Board of Commissioners and became effective January 1, 1992. Retirees with 30 years of service or more will be responsible for dependents premium and the Water District No.1 will pay the retiree's premium. Employees who retire with 25 of service, but less than 30 years, will be responsible for the total premium. Employees shall remain eligible until 65<sup>th</sup> birthday or until such time as the employee becomes eligible for another plan.

Retirees and dependents covered under the plan at the time of retirement will be covered by the plan. Group coverage for retirees cannot be reinstated once dropped, or once the retiree is considered not eligible. Retirees with 25 years of service, but less than 30 years of service will be responsible for the total premium. Retirees will be required to pay their share of the monthly premium in advance upon retiring. Premiums are to be received by the 10<sup>th</sup> of the month or coverage will terminate if premium is not received by the 30<sup>th</sup>.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2002 and 2003

**Note 10      Post Employment Benefits (Continued)**

Information on the benefits paid follows:

	2003	2002
Premiums paid by the District	\$ 15,582	\$14,620
Number of retirees	4	4

**Note 11      Prior Period Adjustment**

During the fiscal year, management re-evaluated the estimated useful lives on its depreciable assets. During this process, it became evident that some of the useful lives were overstated. The useful lives were revised on these assets when calculating accumulated depreciation and depreciation expense for this year. This change in useful lives resulted in requiring a prior period adjustment to increase beginning accumulated depreciation by \$210,362, which also decreased the same amount in beginning net assets.

**Note 12      Construction Commitments**

Construction commitments at June 30, 2003 are as follows:

Project	Total Estimated Cost (1)	Costs incurred to 6/30/03
Waterline Replacement Along West 107 <sup>th</sup> St. et al	\$ 111,878	\$ 111,878
12" Waterline from Hwy 20 to West Thib. Booster	414,432	414,432
18" Bayou Crossing @ Leeville Bridge	442,750	442,750
Waterline Replacement Along East 150th St. et al	198,452	120,626
Emergency Power Supply @ North & South Plants	1,726,938	618,514
Waterline Replacement Along West 223rd St. et al	218,185	129,685
<b>Totals</b>	<b>\$3,112,635</b>	<b>\$1,837,885</b>

(1) Estimated construction cost.

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***REQUIRED SUPPLEMENTAL  
INFORMATION (PART II)***

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE***  
***STATE OF LOUISIANA***  
**Schedule of Per Diem and Compensation of Board of Commissioners**  
**June 30, 2003**

During the year the Board of Commissioners held thirteen meetings. Board members were compensated as follows:

• Mr. Sidney Triche, President	\$ -0-
• Mr. Richard Bollinger, Vice-President	\$ -0-
• Mr. Harvey Robichaux, Secretary/Treasurer	\$1,800
• Mr. Numa Breau, Commissioner	\$ -0-
• Mrs. Doris Cochran, Commissioner	\$ -0-
• Mr. Gus Cheramie, Commissioner	\$ -0-
• Mr. Manuel Delatte, Commissioner	\$ -0-
• Mr. Eric Roundtree, Commissioner	\$ -0-
• Mr. Louis Thibodaux, Commissioner	\$ -0-
• Mr. Robert Pontif, Jr., Commissioner	\$ -0-
• Mr. Morris Guidry, Commissioner	\$ -0-

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***OTHER SUPPLEMENTAL  
SCHEDULES***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**

Comparative Statement of Operating Expenses

Water Enterprise Fund

For the years ended June 30, 2003 and 2002

	2003	2002
	\$ 27,097	\$ 29,314
<u>Water Purchased for Resale</u>		
<u>Water Treatment Expenses:</u>		
Pumping Operations	603,861	555,063
Pumping Maintenance	18,425	10,522
Purification Operations	933,976	972,825
Purification Maintenance	594,007	547,624
Total Water Treatment Expenses	<u>2,150,269</u>	<u>2,086,034</u>
<u>Transmission and Distribution Expenses:</u>		
Distributions Operations	678,445	663,735
Distribution Maintenance	814,699	630,274
Total Transmission and Distribution Expenses	<u>1,493,144</u>	<u>1,294,009</u>
<u>Customer Accounts Expenses:</u>		
Customer Operations Expense	639,088	616,278
Total Customer Accounts Expense	<u>639,088</u>	<u>616,278</u>
<u>Administrative and General Expenses:</u>		
General Operating & Office Expense	743,877	655,259
Maintenance - General Property and Equipment	169,504	175,628
State Waterline Relocation Projects	108,080	1,906
Total Administrative and General Expenses	<u>1,021,461</u>	<u>832,793</u>
Depreciation of Utility System	<u>2,208,362</u>	<u>2,223,147</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$ 7,539,421</u></u>	<u><u>\$ 7,081,575</u></u>

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA***

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2003 and 2002

	<u>Revenue Fund</u>	
	<u>2003</u>	<u>2002</u>
Cash Balance, July 1	\$ 1,372,366	\$ 1,134,795
Receipts:		
From Customers	8,380,082	8,559,763
Interest Earned	88,219	71,100
Transfers from Other Accounts	1,267,696	1,160,913
Others	667,890	662,526
	<u>10,403,887</u>	<u>10,454,302</u>
Disbursements:		
Operating Expense	8,000,387	7,347,292
Transfers to Other Accounts	2,395,558	2,869,439
	<u>10,395,945</u>	<u>10,216,731</u>
Cash Balance, June 30	<u>\$ 1,380,308</u>	<u>\$ 1,372,366</u>

	<u>Maintenance and Operating Fund</u>	
Cash Balance, July 1	\$ 1	\$ 5
Receipts:		
Ad Valorem Taxes (Net)	1,213,974	1,037,581
Revenue Sharing	49,695	49,725
Total	<u>1,263,669</u>	<u>1,087,306</u>
Disbursements:		
Transferred to Revenue Fund for Operating Expenses	<u>1,263,666</u>	<u>1,087,310</u>
Cash Balance, June 30	<u>\$ 4</u>	<u>\$ 1</u>

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE***  
***STATE OF LOUISIANA***

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2003 and 2002

Renewal and Improvements Fund

	<u>2003</u>	<u>2002</u>
Cash Balance, July 1	\$5,652,474	\$7,184,166
Revenues:		
Interest Earned	43,584	68,076
Transfer from:		
Revenue Fund	2,340,921	2,814,450
Construction Fund	3,199,876	1,837,805
Renewal & Improvements CD/Investments	1,000,000	2,297,427
	<u>6,584,381</u>	<u>7,017,758</u>
Disbursements:		
Transfer to:		
Additions to System and		
Utility Plant Assets	<u>6,119,483</u>	<u>8,549,451</u>
Cash Balance, June 30	<u><u>\$6,117,372</u></u>	<u><u>\$5,652,474</u></u>

Summary of Cash and Investments - Current Assets

Revenue Fund	\$1,380,308	\$1,372,366
Maintenance and Operation Fund	4	1
Renewal and Improvements Fund	6,117,372	5,652,474
Cash on Hand	800	832
Cash on Deposit -		
Collection Agent Accounts	<u>500</u>	<u>500</u>
Cash and Temporary Cash Investments -		
Current Assets	<u><u>\$7,498,983</u></u>	<u><u>\$7,026,172</u></u>
Unrestricted Cash and Cash Equivalents	\$ 5,489,813	\$ 1,554,449
Unrestricted Investments	<u>2,009,170</u>	<u>5,471,723</u>
	<u><u>\$ 7,498,983</u></u>	<u><u>\$ 7,026,172</u></u>



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements - Restricted Assets  
For the years ended June 30, 2003 and 2002

	Current Debt Service Accounts	Future Debt Service Accounts	2002 Construction	2003 Construction	Renewal and Replacement Fund	Customer Meter Deposits	2003 Total	2002 Total
Cash and investments July 1	\$ 1,743,062	\$ 1,021,783	\$ 7,843,448	\$ -	\$ 200,000	\$ 792,474	\$ 11,600,767	\$ 2,987,451
Receipts:								
Interest earned	45,379		217,464	5,755		1,756	270,354	207,450
Customer deposits						134,990	134,990	129,090
Bond Proceeds				6,000,000			6,000,000	
Rebate from Bond Commission			2,862				2,862	
Transfers from:								
Bond Fund		1,659,305						10,008,167
Bond Reserve	990,000						1,659,305	
2003 Construction Fund	515,820		705,938				990,000	485,345
Water Revenue Fund	1,747,283						1,221,758	12,540,008
							1,747,283	2,040,858
Total receipts	3,298,482	1,659,305	926,264	6,005,755	-	136,746	12,026,552	25,410,918
Disbursements:								
Fees/Claims	40		180				220	173
Principal	780,000						780,000	1,007,778
Interest	918,510						918,510	553,073
Refund of customer deposits						7,145	7,145	6,630
Premiums			12,874				12,874	33,308
Transfers to:								
Renewal and Improvements Fund			2,902,500	297,196			3,199,696	1,641,490
Bond Reserve	1,659,309	1,021,783					1,659,309	
Bond Fund				515,820			1,537,603	1,084,013
2002 Construction Fund				705,938			705,938	11,936,808
Surplus Revenue							-	196,320
Water Revenue Fund						103,339	103,339	338,009
Total disbursements	3,357,859	1,021,783	2,915,554	1,518,954		110,484	8,924,634	16,797,602
Cash and investments June 30	\$ 1,683,685	\$ 1,659,305	\$ 5,854,158	\$ 4,486,801	\$ 200,000	\$ 818,736	\$ 14,702,685	\$ 11,600,767

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Maturities  
\$10,000,000 Water Revenue Bonds, Series 1996  
Dated: October 1, 1996

Date of Maturity	Amount	Date of Maturity	Amount
01/01/1998	\$80,000	01/01/2008	\$500,000
01/01/1999	80,000	01/01/2009	535,000
01/01/2000	85,000	01/01/2010	565,000
01/01/2001	85,000	01/01/2011	600,000
01/01/2002	470,000	01/01/2012	640,000
01/01/2003	495,000	01/01/2013	680,000
01/01/2004	530,000	01/01/2014	720,000
01/01/2005	580,000	01/01/2015	765,000
01/01/2006	445,000	01/01/2016	810,000
01/01/2007	475,000	01/01/2017	860,000
		TOTAL	\$10,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2008, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2007, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2007, at the redemption prices stated herein.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Maturities  
\$10,000,000 Water Revenue Bonds, 2002 Series  
Dated: January 1, 2002

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2003	\$285,000	01/01/2013	\$490,000
01/01/2004	305,000	01/01/2014	515,000
01/01/2005	320,000	01/01/2015	545,000
01/01/2006	335,000	01/01/2016	575,000
01/01/2007	355,000	01/01/2017	605,000
01/01/2008	375,000	01/01/2018	640,000
01/01/2009	395,000	01/01/2019	675,000
01/01/2010	420,000	01/01/2020	715,000
01/01/2011	440,000	01/01/2021	750,000
01/01/2012	465,000	01/01/2022	795,000
		TOTAL	\$10,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2013, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2012, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2012, at the redemption prices stated herein.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Maturities  
\$6,000,000 Water Revenue Bonds, 2003 Series  
Dated: May 1, 2003

Date of Maturity	Amount	Date of Maturity	Amount
01/01/2004	\$120,000	01/01/2014	\$300,000
01/01/2005	190,000	01/01/2015	315,000
01/01/2006	200,000	01/01/2016	330,000
01/01/2007	210,000	01/01/2017	345,000
01/01/2008	225,000	01/01/2018	365,000
01/01/2009	235,000	01/01/2019	380,000
01/01/2010	245,000	01/01/2020	400,000
01/01/2011	260,000	01/01/2021	420,000
01/01/2012	270,000	01/01/2022	440,000
01/01/2013	285,000	01/01/2023	465,000
		TOTAL	\$6,000,000

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2014, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2013, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2013, at the redemption prices stated herein.

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA***

**Schedule of Metered Water Customers**

**June 30, 2003**

**(Unaudited)**

All sales of water are metered. At June 30, 2003, there were 28,239 active metered customers.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Insurance in Force

June 30, 2003

**(Unaudited)**

Amount of Policy	Risks Covered	Insurer	Expiration Date
\$21,870,678 (per schedule)	Commercial Property Inland Marine Deductible \$10,000 Wind Deductible \$ 5,000 All Other Perils	Royal Surplus Lines Insurance Co.	03/01/04
\$ 50,000,000	Boiler & Machinery Deductible \$1,000	Travelers Insurance	01/01/04
\$ 1,000,000 \$ 1,000,000 \$ 500,000	General Liability & Auto (Uninsured Motorist)	New Hampshire	03/01/04
\$ 10,000,000	Commercial Umbrella Liability Coverage	United National	03/01/04
\$ 2,000,000	Public Officials Errors & Omissions Deductible \$10,000	American International Group	03/01/04
\$ 50,000	Public Officials Oath Bond	CNA Surety	12/01/04
\$ 250,000	Fidelity/Crime	CNA Surety	12/01/04
\$ 1,000,000	Worker's Compensation	Bridgefield Casualty	01/01/04
\$ 1,000,000	Pollution Liability	Atlantic Insurance	05/17/05
\$ 1,000,000	Terrorism (Added to Building & Contents)	Royal Surplus Lines Insurance Co.	03/01/04

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS***



# STAGNI & COMPANY, LLC

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche,  
State of Louisiana

We have audited the basic financial statements of the Water District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Compliance*

As part of obtaining reasonable assurance about whether the Water District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Water District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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To the Board of Commissioners  
Water District No. 1  
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management of the Water District No. 1 and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

Thibodaux, Louisiana  
August 6, 2003



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

We have audited the basic financial statements of the Water District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2003 and have issued our report thereon dated August 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

*a. Report on Internal Control and Compliance Material to the Financial Statements*

**Internal Control**

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

**Compliance**

Compliance Material to Financial Statements ☐ Yes ☒ No

*b. Federal Awards – NONE*

**Internal Control**

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

**Type of Opinion On Compliance** Unqualified ☐ Qualified ☐  
Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133 Section .510(a)? ☐ Yes ☐ No

*c. Identification of Major Programs - NONE*

**Section II Financial Statement Findings**

**NONE**

**Section III Federal Award Findings and Questioned Costs**

**NOT APPLICABLE**



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**

Status of Prior Audit Findings  
For the Year Ended June 30, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Planned Corrective	
			Corrective Action Taken (Yes, No, Partially)	Action/Partial Corrective Action Taken

Section I - Internal Control and Compliance Material to the Financial Statements:  
**NONE**

Section II - Internal Control and Compliance Material to Federal Awards:  
**NOT APPLICABLE**

Section III - Management Letter:  
**NONE**

***WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA***

**Current Year Findings, Recommendations and Corrective Action Plan  
For the Year Ended June 30, 2003**

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of</u>	
			<u>Contact Person(s)</u>	<u>Anticipated Completion Date</u>

Section I - Internal Control and Compliance Material to the Financial Statements:

**NONE**

Section II - Internal Control and Compliance Material to Federal Awards:

**NOT APPLICABLE**

Section III - Management Letter:

**NONE**